CLAIMS

What is claimed is:

1. A method for creating and valuing financial instruments based upon real estate indices which compile real estate price information for localities, cities, regions, states, nations, or multinational / international areas.

2. The method of claim 1, where the future value of the financial instrument is calculated by inputting historical real estate index information and / or predicted future real estate index information and / or financial information, interest rate(s), currency denomination(s), and start date and date of expiry of each contract into a pricing model including but not limited to trinomial, binomial, Monte Carlo simulation, or Black-Scholes model.

3. The method of claim 2, wherein the financial instrument may be comprised of multiple financial instruments involving at least one financial instrument based upon a real estate index or indices, or is based upon multiple real estate indices, including but not limited to asset-backed securities, basket options, chooser options, option chains, or rainbow options.

4. A method for disseminating information for a financial instrument related to at least one real estate index, comprising the steps of:

a. quoting prices, historical real estate index information, predicted future real estate index information, and / or metrics (e.g. prices, open interest, 90-day volatility) on contracts of a real estate index linked financial instrument;

b. using an information distribution medium, either physical or electronic, to disseminate the information of claim a. to users of this information.

5. A computer-implemented method for creating and valuing a financial instrument based upon real estate indices which compile real estate price information for localities, cities, regions,

states, nations, or multinational / international areas.

6. The method of claim 5, where the future value of the financial instrument is calculated by inputting historical real estate index information and / or predicted future real estate index information and / or financial information, interest rate(s), currency denomination(s), and start date and date of expiry of each contract into a pricing model including but not limited to trinomial, binomial, Monte Carlo simulation, or Black-Scholes model.

7. The method of claim 6, wherein the financial instrument may be comprised of multiple financial instruments involving at least one financial instrument based upon a real estate index or indices, or is based upon multiple real estate indices, including but not limited to asset-backed securities, basket options, chooser options, option chains, or rainbow options.

8. A computer-implemented method for determining the volatility of financial instruments based upon real estate indices which compile real estate price information for localities, cities, regions, states, nations, or multinational / international areas.

9. The method of claim 8, where the volatility of the financial instrument is calculated by inputting historical real estate index information and / or predicted future real estate index information and / or financial information, interest rate(s), currency denomination(s), and start date and date of expiry of each contract into a pricing model including but not limited to trinomial, binomial, Monte Carlo simulation, or Black-Scholes model.

10. The method of claim 9, wherein the financial instrument may be comprised of multiple financial instruments involving at least one financial instrument based upon a real estate index or indices, or is based upon multiple real estate indices, including but not limited to asset-backed securities, basket options, chooser options, option chains, or rainbow options.

11. A computer system for creating and valuing a financial instrument based upon real estate indices which compile real estate price information for localities, cities, regions, states, nations, or multinational / international areas, comprising:

a. a computer connected to a real estate index history database and / or a real estate predicted future index database and / or financial database that creates and values a financial instrument under conditions where the future value of the financial instrument is calculated by inputting historical real estate index information and / or predicted future real estate index information and / or financial information, interest rate(s), currency denomination(s), and start date and date of expiry of each contract into a pricing model including but not limited to trinomial, binomial, Monte Carlo simulation, or Black-Scholes model.

b. at least one workstation that allows a user to specify inputs that affect the value of the financial instrument.

12. A computer program product comprising a computer-usable medium having control logic stored therein for causing a computer to perform valuation of real estate index linked financial instruments, the control logic comprising:

a. a computer readable program code means that causes the computer to create and value a financial instrument based upon indices which compile real estate price information for localities, cities, regions, states, nations, or multinational / international areas.

b. a computer readable program code means for valuing a financial instrument based upon real estate indices by inputting historical real estate index information and / or predicted future real estate index information and / or financial information, interest rate(s), currency denomination(s), start date and date of expiry of each contract, and / or cost of the financial instrument into a pricing model including but not limited to trinomial, binomial, Monte Carlo simulation, or Black-Scholes model.

c. the method of claim b., where the future value of the financial instrument is a defined currency amount and the initial value is calculated by utilizing computer readable program code for applying a pricing model using historical real estate index information and / or predicted future

real estate index information and / or financial information, interest rate(s), currency denomination(s), and start date and date of expiry of each contract.